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1908

FIFTY-FOURTH ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

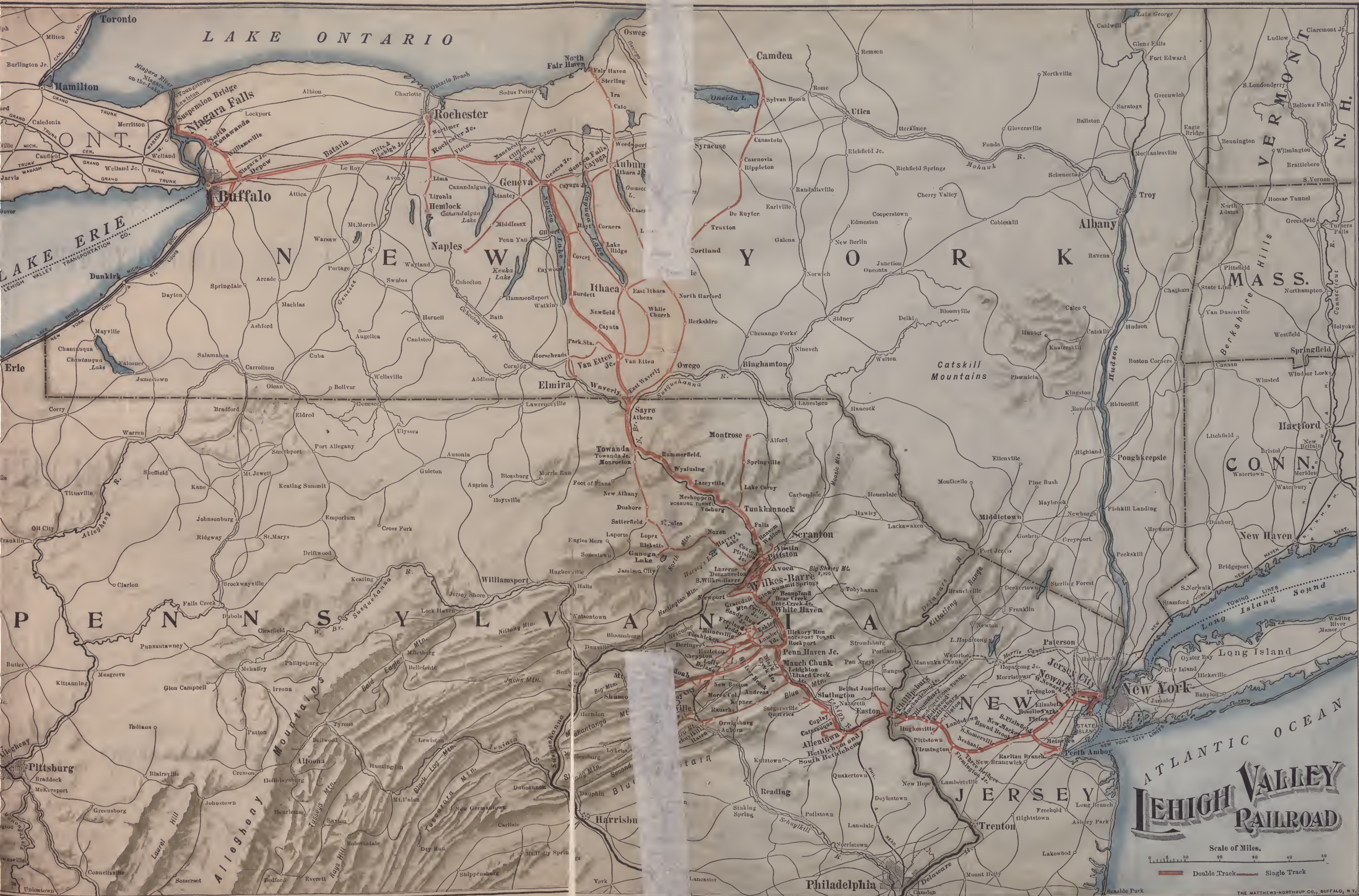
LEHIGH VALLEY RAILROAD COMPANY

TO THE

STOCKHOLDERS

FISCAL YEAR ENDED JUNE 30, 1908





COMPLIMENTS OF
D. G. BAIRD.



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LEHIGH VALLEY RAILROAD COMPANY

TO THE

STOCKHOLDERS

FISCAL YEAR ENDED JUNE 30, 1908

LEHIGH VALLEY RAILROAD COMPANY

BOARD OF DIRECTORS

GEORGE F. BAER
GEORGE F. BAKER
ALFRED C. HARRISON
ROBERT C. LIPPINCOTT
GEORGE H. McFADDEN
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J. A. MIDDLETON*First Vice President*
T. N. JARVIS*Second Vice President*
L. D. SMITH.....*Assistant to the President*
D. G. BAIRD*Secretary*
W. C. ALDERSON.....*Treasurer*
G. N. WILSON.....*General Auditor*

REVENUES AND EXPENSES

The following statement shows the gross revenues, expenses and net revenue from the operation of the entire system for the fiscal year, not including other income, compared with similar figures for the fiscal year of 1907.

For the purpose of this comparison the accounts of the previous year have been re-stated to accord with the classification of revenues and expenses ordered by the Interstate Commerce Commission, effective with the beginning of the present fiscal year, and hence will be found at variance with the figures submitted in the previous annual report. This explanation will further apply to certain of the 1907 figures appearing elsewhere in this report and to such statistics as are based thereon.

GROSS OPERATING REVENUES

FROM	1908	1907	INCREASE	DECREASE
Coal freight	\$16,175,279 94	\$15,270,213 84	\$905,066 10	
Merchandise freight	14,011,301 78	14,864,262 21		\$852,960 43
Passenger	4,159,890 47	4,326,118 87		166,228 40
Mail	209,072 78	217,792 69		8,719 91
Express	383,558 16	373,953 30	9,604 86	
Other transportation	290,232 18	239,180 57	51,051 61	
Miscellaneous	280,818 91	229,925 24	50,893 67	
Total operating revenues	\$35,510,154 22	\$35,521,446 72		\$11,292 50

OPERATING EXPENSES

	1908	1907	INCREASE	DECREASE
Maintenance of way and structures	\$3,496,138 82	\$3,344,181 89	\$151,956 93	
Maintenance of equipment	5,987,410 64	6,186,873 82		\$199,463 18
Traffic expenses	778,652 95	771,146 18	7,506 77	
Transportation expenses	11,367,496 00	11,149,201 39	218,294 61	
General expenses	574,006 37	515,927 35	58,079 02	
Total operating expenses	\$22,203,704 78	\$21,967,330 63	\$236,374 15	
NET OPERATING REVENUE	\$13,306,449 44	\$13,554,116 09		\$247,666 65
Ratio of operating expenses to operating revenues	62.53%	61.84%	.69%	

REVENUES

COAL FREIGHT

The revenue derived from the transportation of coal, including coke, amounted to \$16,175,279.94, an increase of \$905,066.10, or 5.93 per cent., as compared with the preceding year. This increase is due entirely to the increased tonnage of anthracite coal, the tonnage of bituminous coal and coke having fallen off considerably in the latter months of the fiscal year.

The percentage of coal freight revenue to total operating revenues was 45.55 per cent., an increase of 2.56 per cent.

The coal and coke tonnage transported, not including supply coal, amounted to 14,522,262 tons, an increase of 377,770 tons, or 2.67 per cent., over the year previous.

The number of tons moved one mile amounted to 2,221,951,783, an increase of 200,042,256 ton miles, or 9.89 per cent.

The average haul increased from 142.95 to 153 miles, an increase of 10.05 miles, or 7.03 per cent.

The coal tonnage was 54.84 per cent. of the total tonnage hauled during the year, as compared with 51.66 per cent. for the previous year, being an increase of 3.18 per cent.

MERCHANDISE FREIGHT

The transportation of merchandise freight produced a revenue of \$14,011,301.78, a decrease of \$852,960.43, or 5.74 per cent., as compared with the previous twelve months. Notwithstanding a gratifying increase during the early part of the year, the subsequent depression in general business caused a material recession in the volume of this traffic before the close of the year.

The percentage of revenue derived from the transportation of merchandise freight to total operating revenues was 39.46 per cent., a decrease of 2.38 per cent.

The tonnage moved, exclusive of Company's material, was 11,957,899 tons, a decrease of 1,274,965 tons, or 9.63 per cent.

The number of tons carried one mile amounted to 2,573,085,734, a decrease of 174,135,679 ton miles, or 6.34 per cent.

The average haul increased from 207.61 to 215.17 miles, an increase of 7.56 miles, or 3.64 per cent.

Company's material amounting to 432,145 tons was transported during the year, being an increase of 1,006 tons, or .23 per cent.

GENERAL FREIGHT

The revenue derived from both coal and merchandise freight aggregated \$30,186,581.72, an increase of \$52,105.67, or .17 per cent., as compared with the previous year.

The entire freight traffic amounted to 26,480,161 tons, being a decrease of 897,195 tons, or 3.28 per cent.

The number of tons carried one mile was 4,795,037,517, an increase of 25,906,577 ton miles, or .54 per cent.

The average distance carried was 181.08 miles, an increase of .688 miles, or 3.95 per cent.

Company's freight, not included in the above, amounted to 2,637,092 tons, an increase of 155,229 tons, or 6.25 per cent.

The total freight train mileage was 9,039,177 miles, a decrease of 22,880 miles, or .25 per cent.

The average train load of revenue freight was 530.47 tons, an increase of 4.20 tons, or .80 per cent. Including Company's freight, the average train load was 550.34 tons, as against 546.18 last year, an increase of 4.16 tons, or .76 per cent.

The average number of tons of revenue freight in each loaded car was 23.40 tons, an increase of 1.57 tons, or 7.19 per cent. Including Company's freight, the average carload was 24.28 tons, an increase of 1.63 tons, or 7.20 per cent.

PASSENGER

From passenger traffic the revenue amounted to \$4,159,890.47, a decrease of \$166,228.40, or 3.84 per cent., as compared with the previous year. As in the case of merchandise freight, the increases won in passenger traffic during the early months of the year were lost by the later decline in business, which was aggravated, in the case of your Company, by the closing of many local industries and the passage of a law by the State of Pennsylvania reducing the rates of fare to a maximum of two cents per mile per passenger in that State.

The total number of passengers carried was 4,926,204, a decrease of 255,329, or 4.93 per cent.

The number of passengers carried one mile decreased 3,424,830, or 1.37 per cent.

The average revenue per passenger per mile was 1.684 cents, a decrease of .043 cent, or 2.49 per cent.

The average distance travelled by each passenger was 50.15 miles, an increase of 1.81 miles, or 3.74 per cent.

Passenger train mileage was 3,974,526, a decrease of 110,169 miles, or 2.70 per cent.

The revenue from passengers per passenger train mile was 104.66 cents, a decrease of 1.25 cents, or 1.18 per cent. The average number of passengers per train was 62.15, an increase of .83, or 1.35 per cent., and the average number of passengers per car was 18.01, an increase of .13, or .73 per cent.

MAIL

The revenue derived from the transportation of United States mails amounted to \$209,072.78, a decrease of \$8,719.91, due to the passage of an act by Congress reducing the compensation formerly paid by the United States Government for this service.

EXPRESS

The express revenue amounted to \$383,558.16, an increase of \$9,604.86.

OTHER TRANSPORTATION

The revenue from transportation other than that shown under the preceding headings was \$290,232.18, an increase of \$51,051.61.

MISCELLANEOUS

Miscellaneous revenue amounted to \$280,818.91, an increase of \$50,893.67.

EXPENSES

MAINTENANCE OF WAY

Expenditures amounting to the sum of \$3,496,138.82 were made for the maintenance of way and structures, being an increase of \$151,956.93, or 4.54 per cent., as compared with the previous twelve months.

During the year four new iron bridges were built in connection with second, third and fourth track work. Thirty-nine iron bridges, replacing old wooden or iron bridges of light construction, were built. One iron and three wooden bridges were filled in.

60.69 miles of single track were fully ballasted and 4.60 miles partially ballasted with stone, for which purpose 158,064 cubic yards of crushed stone were used.

317,650 feet, or 60.16 miles, of Company's sidings and 30,707 feet, or 5.82 miles, of industrial sidings were constructed.

12,224 tons of new 90-pound rail, together with necessary frogs, switches, etc., were placed in the track.

434,969 tie plates were used.

561,226 cross ties, 1,794,774 feet B. M. switch ties, 613,970 feet B. M. bridge ties, and lumber amounting to 2,209,530 feet B. M. were used during the year.

Interlocking plants were installed at Harlem Avenue Junction with 35 levers, and at West Seneca with 4 levers. The interlocking plant at P. & L. Junction was rebuilt and increased by 28 additional levers.

12 miles of new telegraph and telephone pole line were constructed, 39.75 miles rebuilt and 70 miles reset.

191.80 miles of new copper, 3.50 miles of new iron and 68.90 miles of second hand iron wire were used in extending telephone, telegraph and signal wires. 52.35 miles of iron wire and 63.70 miles of copper wire were used in replacing worn out wires in the same service.

MAINTENANCE OF EQUIPMENT

The total expense for maintenance of equipment during the year was \$5,987,410.64, a decrease of \$199,463.18, or 3.22 per cent., as compared with the previous year. This class of expenses would have shown a much greater decrease, in view of the liberal expenditures for maintenance in the past and the fact that much of the equipment was idle the latter part of the year, had it not been that, owing to an order issued by the

Interstate Commerce Commission providing for a uniform monthly depreciation of equipment. the sum of \$935,384.69 was charged to Operating Expenses and set up on the books as an Equipment Replacement Reserve.

Four thousand 100,000-pounds capacity steel coal cars and one thousand 80,000-pounds capacity steel underframe box cars were purchased and placed in service under Equipment Trust Series J, this equipment having been ordered during the previous fiscal year, as mentioned in the last annual report.

Fifteen steel underframe milk cars and one 8-wheel locomotive crane were purchased and charged to Additions and Betterments. One 80,000-pounds capacity steel underframe box car was purchased for account of the Lehigh & New York Railroad and charged to that Company, as provided in the lease under which that road is operated.

Thirty passenger and freight locomotives, ten switching locomotives, one hundred 60,000-pounds capacity steel cinder cars, six passenger coaches, three library buffet cars and one Russell snow plow were purchased and charged to the Equipment Renewal Reserve carried over from the previous fiscal year and to the Equipment Replacement Reserve set up by order of the Interstate Commerce Commission. The balance remaining to the credit of the latter account at the close of the fiscal year and available for future use is \$573,804.15.

One freight locomotive and thirty-one steel underframe caboose cars were built.

Thirteen locomotives unfit for further service and too light to warrant rebuilding were sold and Operating Expenses charged with the value thereof.

Four locomotives were rebuilt. Sixty-four new fire boxes, two new tender frames and eleven new cisterns were applied. Four 4,500-gallon capacity tenders were constructed. To comply with the New York State law 378 locomotives were equipped with water glasses at an expense of approximately \$8,100.

The total number of locomotives at the end of the year was 885, having a tractive power of 23,888,036 pounds, an increase of 28 locomotives and 1,110,778 tractive power pounds.

The average tractive power per locomotive at the close of the year was 26,992 pounds, an increase of 414 pounds, or 1.56 per cent.

One combination passenger and baggage car, 4,128 freight equipment cars and fifteen road service cars were condemned and destroyed during the year.

One café car was converted into a dining car and one chair car into a passenger coach. One combination, nine box and four gondola cars were assigned to road service. Seven baggage and mail cars were practically rebuilt in order to provide mail compartments that would conform to the Government requirements. 232 passenger equipment cars were painted and varnished and seven equipped with wide vestibules and standard steel platforms.

The total number of freight equipment cars in service at the end of the year was 42,801, having a capacity of 1,504,640 tons, an increase of 991 cars and 146,900 tons.

TRAFFIC EXPENSES

The expenditures under this heading, which have heretofore been included in Conducting Transportation, amounted to \$778,652.95, an increase of \$7,506.77 over the previous year, due largely to the expense of preparing and filing tariffs as now required under various laws.

TRANSPORTATION EXPENSES

The total cost of conducting transportation was \$11,367,496.00, an increase of \$218,294.61, or 1.96 per cent., as compared with the previous fiscal year.

The ratio of transportation expenses to total operating revenues was 32.01 per cent., as against 31.39 per cent. last year, an increase of .62 per cent.

The higher rates of wages paid employes, and the increased force made necessary by the enactment of federal and state laws, reducing the hours of labor, are the principal causes of the increase in these expenses.

GENERAL EXPENSES

This item amounted to \$574,006.37, an increase over the previous year of \$58,079.02, due principally to the compliance by your Company with recent laws, passed by the United States Government and various states in which the Company operates, that has made necessary additional clerical forces for the preparation of reports and the handling of communications with Commissions, as well as increased expenditures for legal advice in interpreting many of the laws and passing on questions incidental thereto.

TAXES

The taxes during the year amounted to \$1,122,867.39, or 3.16 per cent. of the Company's revenues, an increase of \$236,958.44, or 26.75 per cent. The increase in taxes levied and paid on your property during the last two years has been at so alarming a rate as to cause serious apprehension should the rate of increase continue. Many appeals have been taken from assessments which seemed unreasonable but with little success.

FLOATING EQUIPMENT

The floating equipment of the Company has been fully maintained and its general efficiency increased by additional purchases and extensive repairs. Two steel 23-car floats were purchased and charged to Additions and Betterments. One 23-car float, one 12-car float and eight covered barges were purchased and charged to the Equipment Replacement Reserve that was established during the year by charges for depreciation to the expense of operating the water lines. Two barges, one car float and three tugs of small capacity and unfit for further service were sold. One water boat was converted into a hoisting boat.

The floating equipment in New York Harbor at the close of the year consisted of

20 tugs,	6 steam lighters,	191 barges.
25 car floats,	4 cattle floats,	1 hoisting boat,
3 work boats,		1 wrecking boat,

There has been no change in the number or character of the vessels comprising the fleet on the Great Lakes, the same being as follows:

NAME	CAPACITY
Wilkes-Barre.....	6,000 tons,
Mauch Chunk	6,000 "
Bethlehem.....	3,000 "
Seneca	3,000 "
Saranac	3,000 "
Tuscarora	3,000 "

FINANCIAL

To reimburse your Company for previous cash outlays made for betterments and acquisitions of property \$1,000,000 General Consolidated Mortgage four per cent. Bonds were sold, leaving in the treasury \$6,000,000 of these bonds available for future needs.

Expenditures for the completion of the Lehigh & Lake Erie Branch, including yard tracks and terminal facilities, were partially reimbursed by the sale of \$1,000,000 Lehigh & Lake Erie Railroad Company four and one-half per cent. Bonds. The mortgage securing the same provided for an issue of \$3,000,000 first lien bonds, all of which have now been sold. The remaining construction balance of \$115,482.79 will be otherwise reimbursed at a later date in connection with such advances as may in the future be required for terminal improvements.

To partially provide for the cost of four thousand steel coal cars and one thousand steel underframe box cars, ordered during the previous year, an Equipment Trust known as Series J, amounting to \$5,000,000 and secured by the equipment mentioned, was created under date of October 3, 1907. The certificates bear interest at the rate of four and one-half per cent. per annum and are payable in semi-annual installments of \$250,000 each, the last installment becoming due September 1, 1917. All of the certificates have been sold.

Payments amounting to \$2,502,000 were made for the retirement of outstanding obligations, as provided in the respective mortgages or deeds of trust, and represent the matured principal of \$1,000,000 Collateral Trust four per cent. Bonds and of Equipment Trusts Series C, D, E, F, G, H, I and J.

Hazleton Water Company First Mortgage five per cent. Bonds to the amount of \$40,000 were received by your Company, and are now held in the treasury, in settlement of advances made to that company for the construction and enlargement of its plant.

Your Company during the year sold its holdings of the capital stock of the Wyoming Valley Coal Company to The Lehigh Valley Coal Company, receiving in payment therefor \$350,000 in treasury stock of the latter company, which was pledged with the Trustee under the General Consolidated Mortgage.

The increase of \$4,417,280.92 in Equipment Account is caused by the purchase of the five thousand new steel cars covered by Equipment Trust Series J, as previously

mentioned, less credits to that account representing the book value of certain small capacity cars disposed of in accordance with authority granted by your Board and referred to in the last annual report. No other equipment was charged to Capital Account.

The increase of \$219,434.57 in Real Estate Account is caused principally by an advance of \$200,000 to one of your subsidiary real estate companies to pay off a mortgage of that amount on property in New York City, the same having previously been carried on the books at its cost price, less the amount of the outstanding mortgage. The balance of the increase is due to miscellaneous purchases during the year.

The value of materials and supplies on hand at the close of the fiscal year amounted to \$2,104,196.72, an increase of \$5,051.50.

The reserve for depreciation of Coxe mines and properties was reduced by \$1,000,000, that amount having been applied to reduce the book value of the Coxe properties.

The sum of \$228,635.61 was charged to Profit and Loss Account and represents certain taxes levied in past years which, after extensive litigation, the Company was required to pay.

Current Assets are \$10,338,818.98 in excess of Current Liabilities.

The amount of capital stock issued remains unchanged.

A semi-annual dividend of five per cent. on the preferred capital stock and a semi-annual dividend of two per cent., with an extra dividend of one per cent., on the common capital stock of the Company, were declared by your Board on December 18, 1907, and paid January 11, 1908. Similar dividends were declared on June 17, 1908, and paid July 11, 1908, making ten per cent. and six per cent. respectively on the preferred and common capital stocks for the year.

The financial condition of the Company at the end of the fiscal year is shown in the Condensed General Balance Sheet and various statements appended.

The usual examination of the accounts for the fiscal year, as well as the verification of the cash and security balances of the Company, has been made by certified public accountants, the result of which is set forth in the accountants' certificate published herewith.

The remarks concerning the operation of The Lehigh Valley Coal Company, with the Profit and Loss Account and Condensed General Balance Sheet of that company, are given in the Appendix; beginning at page 47.

GENERAL REMARKS

The operation of your Company, in common with that of other railroads, has been subject to many adverse circumstances during the year. The depression in the general business of the country that occurred at the end of the calendar year 1907, and which has since continued, seriously affected the revenues of the Company and made necessary the suspension of all additions and betterments not required in the immediate conduct of its business. These improvements had been planned and were being prosecuted on an extensive scale prior to that time. Notwithstanding this your property has been fully maintained and is in excellent physical condition. The new classification of revenues and expenses promulgated by the Interstate Commerce Commission, effective July 1, 1907, destroyed, in some measure, at a time when most needed, the comparison of operations

with those of previous years. The order issued by that Commission requiring a uniform monthly charge for depreciation of equipment on a theoretical basis has also reduced the net results. In fact, to this radical departure in railroad accounting, as ordered by the Government, may be attributed the principal, if not the entire, reason for the increase shown in Operating Expenses over the preceding year. Previously it had been the policy of your Company to prevent any shortage in its equipment by charging to expenses the value of cars or locomotives as destroyed or taken out of service, and this, with other charges, including appropriations from income as needed, provided a fund against which new equipment was charged from time to time with the result that your equipment as a whole has been more than maintained. In defense of the Company's policy, if defense is necessary, it may be pointed out that the charges for replacement were heaviest when the equipment was most in use, when the earnings were therefore greatest, and consequently when the revenue was best able to sustain those charges, while, on the other hand, the method prescribed by the Commission results in burdening the expense of operation with arbitrary charges during periods of business depression when much of the equipment is idle and earning nothing, as was the case in the latter part of the present fiscal year.

Further serious factors in the expense of operation are the higher rates of wages paid employes, and which are still in effect, the shorter hours of work and the cost of compiling reports as now required by various Commissions. In addition, the tendency of recent laws, both national and state, many of which were hastily enacted and ill-advised, has been in the direction of transferring to Commissions much of the authority over accounting and operating methods heretofore exercised by executive officers. Such laws must necessarily weaken that administration of the property which is so necessary to produce the high efficiency required for economical and safe operation, and, in the end, cannot bring about other than unsatisfactory and unfortunate results.

The double track terminal railroad at Buffalo, known as the Lehigh & Lake Erie Branch, was completed and placed in operation during the early part of the present fiscal year, together with the additional yard and terminal facilities at Tifft Farm, mentioned in the last annual report, the expenditures for the year being \$709,407. These improvements, in addition to providing your Company with a continuous double track line under its own control from the Great Lakes to the Atlantic Seaboard, enable the handling of a greater volume of lake and interchange freight economically and promptly, much of the same having previously been handled under trackage arrangements, the expense for which has now ceased.

The new yard with transfer bridges at the National Docks Terminal and the renewal of four transfer bridges at Jersey City, mention of which was made in last year's report, were completed and put in operation. The amount expended therefor was \$571,168.

To avoid rebuilding the present wooden trestle on the high grade line at Greenville, a plan has been adopted providing for a permanent embankment and steel viaduct on a revised line and grade at an approximate cost of \$450,000. Since the falling off in revenue the work has proceeded slowly, the expenditures to date being \$77,254.

The work of stone ballasting was continued during the first half of the year and the entire main line, including the more important branches, is fully ballasted, with the exception of a limited mileage on Wilkes-Barre Mountain and at certain points where it is proposed at some future date to revise the line or put in additional tracks.

The construction of third and fourth tracks to a point east of Redington, mentioned in the preceding annual report, was completed at a cost of \$481,835. A further extension of these tracks to Richards Farm, a distance of 2.1 miles, has been authorized, although the work is temporarily held in abeyance. Notwithstanding the additional third and fourth track mileage that has been added to the system in the last few years, the track facilities of your Company, prior to the falling off in tonnage due to the recent general business depression, were taxed to the utmost, and, indeed, to an extent that forbade the most economical operation. Eventually your Company should have a continuous four track line from the anthracite coal regions to tidewater, and with a return of normal business conditions it will be imperative that such extensions be made from time to time as the earnings of the Company may warrant.

A second track, protected by automatic signals, was constructed between Van Etten and Van Etten Junction on the Ithaca Branch, at an expense of \$10,852.

Additional automatic signals were installed between Van Rensselaer and Chicago Streets, Buffalo, and also between Black Creek Junction and Hudsonale, at a cost of \$12,190.

For the purpose of consolidating shipments to and from New York Harbor and reducing the number of cars handled containing less than carload shipments, a new transfer platform and office, together with necessary tracks, were constructed at Oak Island, at a cost of \$46,611.

A new brick freight house and a transfer shed were built at Sayre, and a new brick passenger station at Hazleton, the aggregate cost being \$80,868. The passenger station at Hemlock was enlarged.

Improvements were made to the freight delivery yards at Jersey City, Newark, South Bethlehem and Rochester, consisting of grading, paving driveways, and additional tracks, the expenditures for the same aggregating \$52,501.

The track entrance to the Scott Street Terminal, Buffalo, was improved by the reduction of grade and re-arrangement of tracks, at an expense of \$13,369.

Extensive repairs were made to the coal shipping trestle and the eastbound freight house at Tift Farm, the total cost being \$49,108.

A channel of sufficient width and depth to accommodate vessels to and from the National Stores was dredged, at an expense of \$63,162.

To insure the safety of employees passing to and from the Sayre Shops, a concrete subway was constructed under the yard tracks, at an expense of \$16,439.

The power facilities at Coxton and Sayre were improved; at the former by the erection of a modern plant and at the latter by the installation of four additional boilers and a new air compressor, the total cost of these improvements being \$49,237.

There were located on your Company's line during the year 36 new industries, direct track connections having been made with 23 of the same.

56.97 per cent. of the total operating expenses, including outside operations, or \$13,921,371.94, was paid direct to labor, being distributed during the year among an average of 22,747 employes.

The acknowledgments of the Board are renewed to the officers and employes for their faithful and efficient services during the year.

By order of the Board of Directors,

E. B. THOMAS,

President.

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

30 BROAD STREET

NEW YORK

LONDON, E. C.

30 COLEMAN STREET

CHICAGO

ST. LOUIS

CLEVELAND

PITTSBURGH

MARQUETTE BUILDING THIRD NATIONAL BANK BUILDING WILLIAMSON BUILDING FARMERS BANK BUILDING

CABLE ADDRESS "HASKSELLS"

NEW YORK, August 26, 1908.

Mr. E. B. Thomas, President,

Lehigh Valley Railroad Company,

NEW YORK, N. Y.

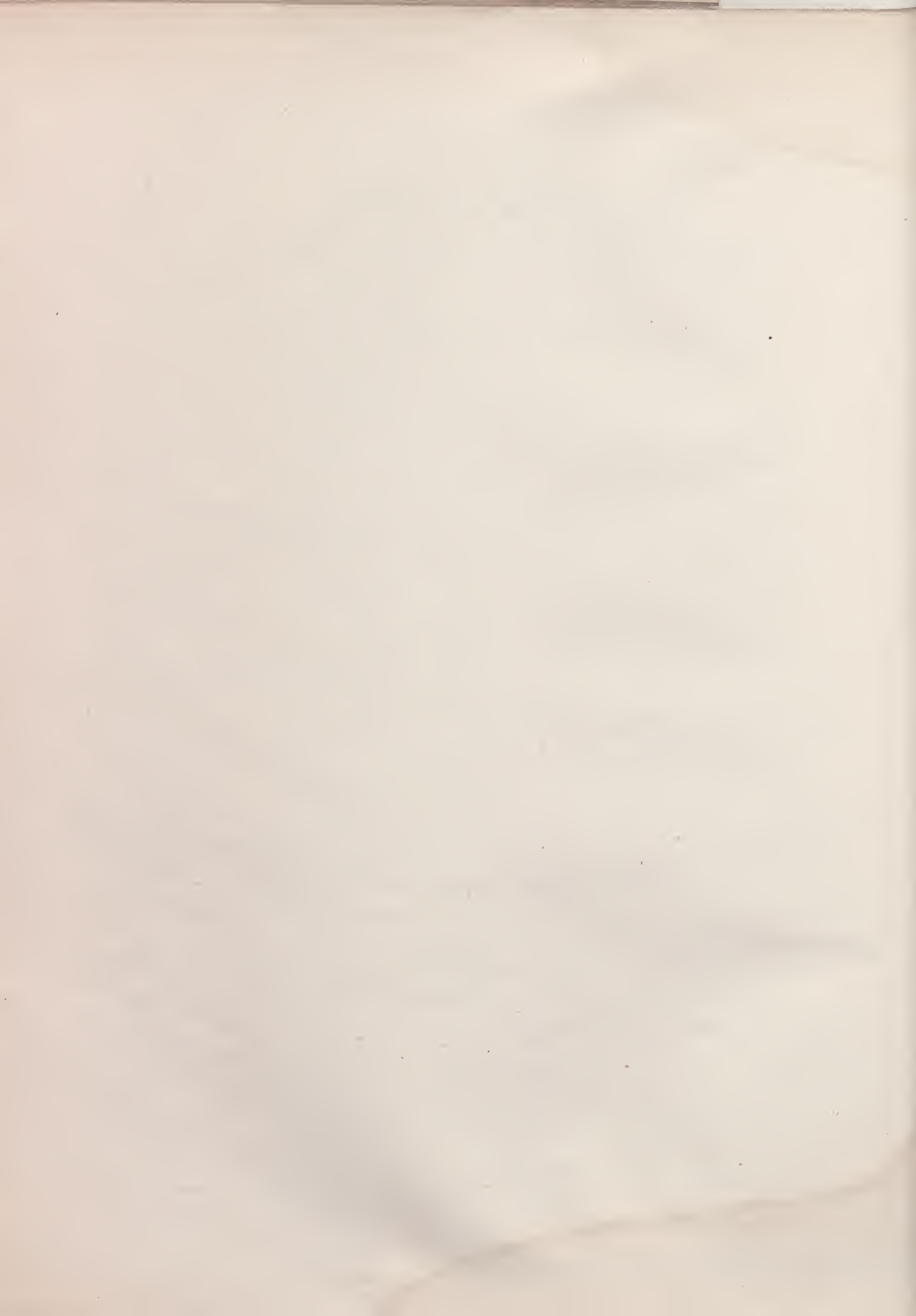
DEAR SIR:

We have audited the books and accounts of the Lehigh Valley Railroad Company and The Lehigh Valley Coal Company for the fiscal year ended June 30, 1908, and have verified all cash and security balances by actual count or by comparison with receipts or certificates of depositaries; and

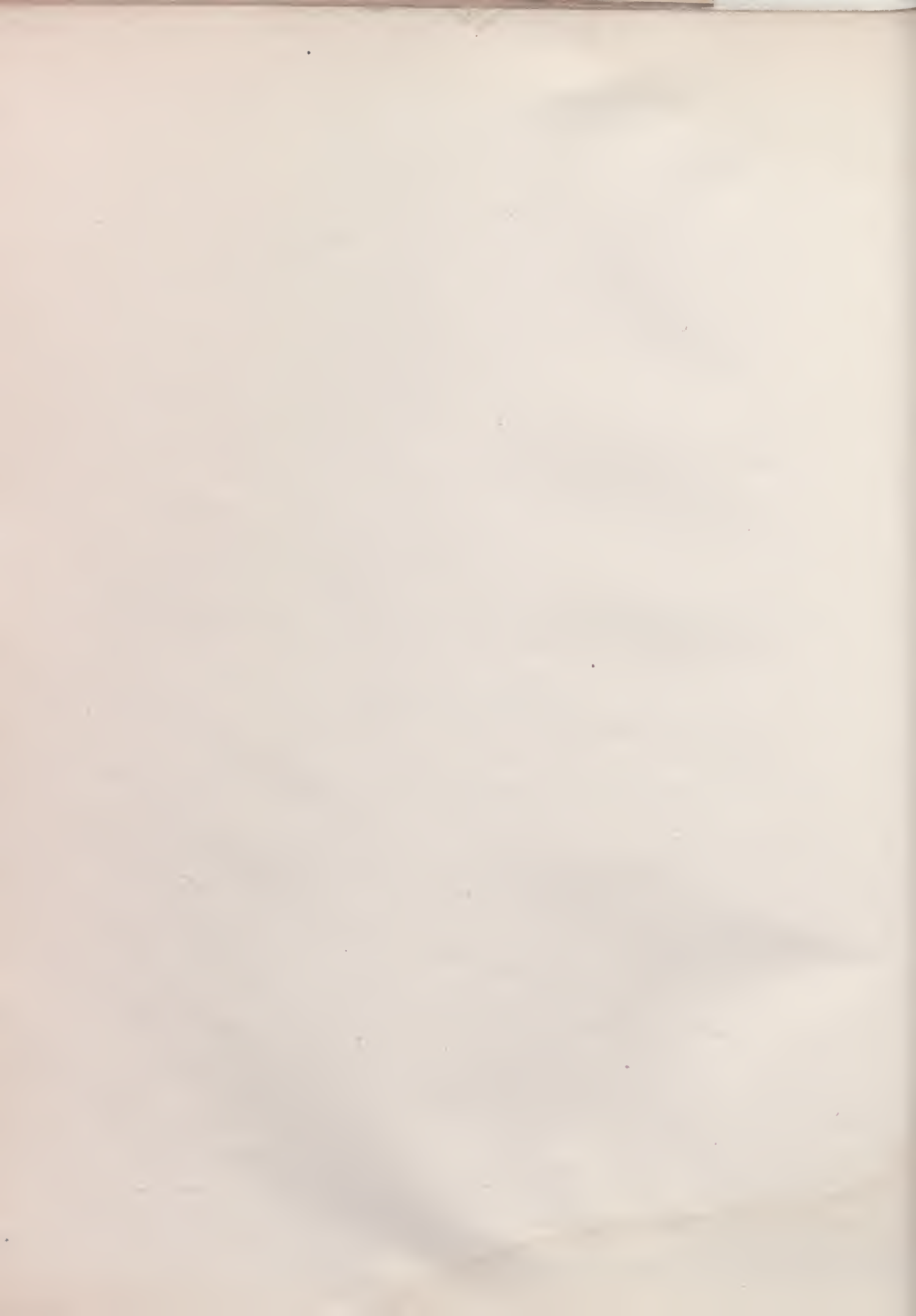
WE HEREBY CERTIFY that the accompanying General Balance Sheets correctly represent the financial condition of the respective Companies on June 30, 1908, and that the statements of Income and Profit and Loss for the fiscal year ended on that date are correct.

HASKINS & SELLS,

Certified Public Accountants.



APPENDIX



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COMPARATIVE INCOME ACCOUNT FOR THE YEARS ENDED JUNE 30,
1908 AND 1907

TABLE 1

LEHIGH VALLEY RAILROAD COMPANY		1908	1907	INCREASE	DECREASE
REVENUE FROM OPERATION:—					
Coal freight revenue	\$16,175,279 94	\$15,270,213 84	\$905,066 10		
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Transportation expenses	11,367,496 00	11,149,201 39	218,294 61		
General expenses	574,006 37	515,927 35	58,079 02		
Total operating expenses	\$22,203,704 78	\$21,967,330 63	\$236,374 15		
Ratio of operating expenses to operating revenues	62.53 %	61.84 %	.69 %		
NET OPERATING REVENUE	\$13,306,449 44	\$13,554,116 09		\$247,666 65	
TAXES	1,122,867 39	885,908 95	\$236,958 44		
OPERATING INCOME	12,183,582 05	12,668,207 14		484,625 09	
OTHER INCOME:—					
Outside operations:					
Water lines	45,058 55	75,169 52		30,110 97	
Other operations	43,469 97	80,604 06		37,134 09	
Investments:					
Dividends on stocks	555,840 13	571,594 40		15,754 27	
Interest on bonds	48,944 75	12,810 00	36,134 75		
Interest on real estate mortgages	17,034 12	18,113 46		1,079 34	
Miscellaneous	810,670 36	856,699 51		46,029 15	
Total other income	\$1,521,017 88	\$1,614,990 95		\$93,973 07	
TOTAL INCOME	\$13,704,599 93	\$14,283,198 09		\$578,598 16	
DEDUCTIONS FROM INCOME:—					
Interest on funded debt	3,536,060 00	3,546,333 21		10,273 21	
Interest on equipment trust obligations	209,067 50	119,170 00	\$89,897 50		
Rentals of leased lines and guaranties	2,316,473 00	2,200,473 00	116,000 00		
Miscellaneous deductions	272,425 09	323,678 64		51,253 55	
Additions and betterments	1,775,264 26	2,068,589 91		293,325 65	
Total deductions from income	\$8,109,289 85	\$8,258,244 76		\$148,954 91	
NET INCOME	\$5,595,310 08	\$6,024,953 33		\$429,643 25	
THE LEHIGH VALLEY COAL COMPANY					
NET INCOME	388,606 11	111,250 45	\$277,355 66		
TOTAL NET INCOME	\$5,983,916 19	\$6,136,203 78		\$152,287 59	

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1908

TABLE 2

	DR.	CR.
Balance surplus, July 1, 1907		\$14,009,283 26
Dividends :		
Five per cent. on preferred stock, paid July 13, 1907 . . . \$5,315 00		
Two per cent. on common stock, paid July 13, 1907 . . . 806,696 00		
Extra one per cent. on common stock, paid July 13, 1907. 403,348 00		
Five per cent. on preferred stock, paid January 11, 1908. 5,315 00		
Two per cent. on common stock, paid January 11, 1908. 806,696 00		
Extra one per cent. on common stock, paid January 11, 1908 403,348 00		
	\$2,430,718 00	
Discount on General Consolidated Mortgage Bonds and Equipment Trust		
Certificates sold	450,000 00	
Taxes litigated applicable to prior years	228,635 61	
Miscellaneous adjustments		21,665 11
Net income for year ended June 30, 1908, Table No. 1		5,595,310 08
Balance surplus, June 30, 1908	16,516,904 84	
	<u>\$19,626,258 45</u>	<u>\$19,626,258 45</u>
Balance carried forward July 1, 1908		\$16,516,904 84

TABLE 3
Dr.

CONDENSED GENERAL

ASSETS		
RAILROAD:—		
Cost of road		\$18,639,291 95
EQUIPMENT		40,143,703 10
GENERAL CONSOLIDATED MORTGAGE BONDS OF THE COMPANY HELD IN ITS TREASURY		6,000,000 00
EQUIPMENT TRUST CERTIFICATES OF THE COMPANY HELD IN ITS TREASURY		4,050,000 00
TREASURY STOCK		250 00
GENERAL CONSOLIDATED MORTGAGE BONDS OF THE COMPANY IN HANDS OF TRUSTEE OF WARRIOUR RUN STOCK PURCHASE BONDS		100,000 00
REAL ESTATE		2,368,957 59
CONSTRUCTION LEHIGH AND LAKE ERIE BRANCH		115,482 79
MORTGAGES RECEIVABLE		300,150 00
SECURITIES OWNED:—		
Stocks of railroad and water lines included in Lehigh Valley system	\$29,158,230 11	
Stocks of coal companies	18,881,068 33	
Stocks of other companies	5,692,550 00	
Bonds of railroad and water lines included in Lehigh Valley system	4,372,926 00	
Bonds of other companies	3,303,907 87	
Certificates of indebtedness, The Lehigh Valley Coal Company	10,537,000 00	
ADVANCED INSURANCE PREMIUMS		71,945,682 31
		127,964 56
CURRENT ASSETS:—		
Cash on deposit and in hands of Treasurer	\$6,195,059 65	
Cash in hands of officers and agents	25,738 65	
Cash in transit	542,695 52	
Freight and ticket agents' balances	647,675 90	
Due by individuals and companies	2,947,445 99	
Traffic balances due by other companies	406,272 92	
Bills receivable	732,203 00	
Advances to other companies	237,520 38	
Material and supplies on hand	2,104,196 72	
DEFERRED AND SUSPENDED ASSETS:—		13,838,808 73
Sundry accounts		
		380,559 96
TOTAL ASSETS		\$158,010,850 99

BALANCE SHEET, JUNE 30, 1908

Cr.

LIABILITIES

CAPITAL STOCK :—

806,696 shares common stock, par \$50	\$40,334,800 00	. . . . .
2,126 shares preferred stock, par \$50	106,300 00
		\$40,441,100 00

FUNDED DEBT		81,639,000 00
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EQUIPMENT TRUST OBLIGATIONS		10,062,000 00
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RESERVES :—

Reserve for depreciation of Coxe mines and properties . . .	\$1,209,360 06
Equipment replacement reserve	573,804 15	. . . . .
General reserves	1,155,397 08
		2,938,561 29

MORTGAGES ON REAL ESTATE		196,880 55
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INTEREST, RENTALS AND TAXES ACCRUED, NOT DUE :—

Interest on funded debt	\$720,135 00
Interest on equipment trusts	88,762 50	. . . . .
Accrued rentals, leased lines	421,985 82	. . . . .
Taxes accrued.	938,858 92	. . . . .
		2,169,742 24

CURRENT LIABILITIES :—

Dividends unpaid	\$1,892 50	. . . . .
Interest on funded debt due and unclaimed	51,615 75	. . . . .
Rentals of leased lines due	337,500 00	. . . . .
June pay roll, since paid	963,570 93	. . . . .
Audited vouchers, including June bills, since paid	1,175,753 97	. . . . .
Due to individuals and companies	134,013 47	. . . . .
Traffic balances due to other companies.	795,143 70	. . . . .
Unclaimed wages	11,947 31	. . . . .
Employes' relief fund	28,552 12	. . . . .
		3,499,989 75

DEFERRED AND SUSPENDED LIABILITIES :—

Sundry accounts		546,672 32
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PROFIT AND LOSS		16,516,904 84
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TOTAL LIABILITIES		\$158,010,850 99
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Report of the Board of Directors

STATEMENT OF FUNDED DEBT, YEARLY INTEREST, GUARANTIES, AND RENTALS
OF LEASED LINES

TABLE 4

DESCRIPTION	PRINCIPAL	DATE OF MATURITY	ACCRUED INTEREST		
			Rate	Due	Amount
Lehigh Valley R. R. Co.:—					
First mortgage bonds	\$5,000,000	June 1, 1948 . .	4% gold	June and Dec.	\$200,000 00
Second mortgage bonds	6,000,000	Sept. 1, 1910 . .	7% . . .	March and Sept.	420,000 00
Consolidated mortgage bonds:—					
Coupon \$1,319,000		Dec. 1, 1923 . .	6% . . .	June and Dec.	
Registered 4,319,000		"	6% . . .	"	
Annuity 10,062,000		Perpetual	6% . . .	"	
	15,700,000				942,000 00
Coupon \$1,669,000		Dec. 1, 1923 . .	4½% . .	"	
Registered 3,093,000		"	4½% . .	"	
Annuity 2,538,000		Perpetual	4½% . .	"	
	7,300,000				328,500 00
General consolidated mortgage bonds . .	29,639,000	May 1, 2003 . .	4% gold	May and Nov.	1,185,560 00
Collateral trust bonds	18,000,000	{ \$500,000 semi- annually, to February 1, 1926 }	4% gold	Feb. and Aug.	733,333 34
Total	\$81,639,000				\$3,809,393 34
					Deduct interest on general consolidated mort- gage bonds held in treasury
					273,333 34
					\$3,536,060 00
Lehigh Valley Terminal Ry. Co.:—					
First mortgage bonds	\$10,000,000	October 1, 1941 .	5% gold .	April and Oct.	\$500,000 00
Easton and Amboy R. R. Co.:—					
First mortgage bonds	6,000,000	May 1, 1920 . .	5% . . .	May and Nov.	300,000 00
Morris Canal and Banking Co.:—					
Preferred stock \$903,600					
Consolidated stock 706,700			10% . . .		90,360 00
	1,610,300		4% . . .		28,268 00
Easton and Northern R. R. Co.:—					
First mortgage bonds	51,000	Nov. 1, 1935 . .	4½% gold	May and Nov.	2,295 00
Penna. and New York Canal and R. R. Co.:—					
Consolidated mortgage bonds . \$4,000,000		April 1, 1939 . .	5% . . .	April and Oct.	200,000 00
Consolidated mortgage bonds . 1,500,000		"	4½% . .	"	67,500 00
Consolidated mortgage bonds . 3,000,000		"	4% . . .	"	120,000 00
	8,500,000				
Lehigh and New York R. R. Co.:—					
First mortgage bonds	2,000,000	Sept. 1, 1945 . .	4% gold .	March and Sept.	80,000 00
The Lehigh Valley Rail Way Co.:—					
First mortgage bonds	15,000,000	July 1, 1940 . .	4½% gold	Jan. and July	675,000 00
The Elmira, Cortland and Northern R. R. Co.:—					
First preferred mortgage bonds, \$750,000		April 1, 1914 . .	6% gold .	April and Oct.	45,000 00
First mortgage bonds 1,250,000		"	5% gold .	"	62,500 00
	2,000,000				
Middlesex Valley R. R. Co.:—					
First mortgage bonds	211,000	Nov. 1, 1942 . .	5% gold .	May and Nov.	10,550 00
The Lehigh and Lake Erie R. R. Co.:—					
First mortgage bonds	3,000,000	March 1, 1957 . .	4½% gold	March and Sept.	135,000 00
Total	\$48,372,300				\$2,316,473 00
Grand total, June 30, 1908	\$130,011,300				\$5,852,533 00

STATEMENT OF EQUIPMENT TRUST CERTIFICATES OUTSTANDING

TABLE 5

LEHIGH VALLEY RAILROAD CO.	PRINCIPAL	DATE OF MATURITY	INTEREST	
			Rate	Due
Equipment Trust, Series C, certificates.	\$200,000	{ \$200,000 annually to } June 1, 1909	4½ % gold	June and Dec.
Equipment Trust, Series D, certificates.	600,000	{ \$300,000 annually to } March 1, 1910	4½ % gold	Mar. and Sept.
Equipment Trust, Series E, certificates.	82,000	{ \$82,000 annually to } February 1, 1909	4½ % gold	Feb. and Aug.
Equipment Trust, Series F, certificates.	80,000	{ \$80,000 annually to } May 1, 1909	4½ % gold	May and Nov.
Equipment Trust, Series G, certificates.	300,000	{ \$100,000 annually to } August 1, 1910	4½ % gold	Feb. and Aug.
Equipment Trust, Series J, certificates	4,750,000	{ \$250,000 semi-annually } to Sept. 1, 1917	4½ % gold	Mar. and Sept.
Total, June 30, 1908	\$6,012,000			

STATEMENT OF EQUIPMENT TRUST CERTIFICATES HELD IN TREASURY

LEHIGH VALLEY RAILROAD CO.	PRINCIPAL	DATE OF MATURITY	INTEREST	
			Rate	Due
Equipment Trust, Series H, certificates	\$450,000	{ \$90,000 annually to } February 1, 1913	4 % gold	Feb. and Aug.
Equipment Trust, Series I, certificates	3,600,000	{ \$400,000 annually to } Sept. 1, 1916.	4 % gold	Mar. and Sept.
Total, June 30, 1908	\$4,050,000			

SUMMARY OF EQUIPMENT TRUST OBLIGATIONS

Equipment Trust Certificates Outstanding	\$6,012,000 00
Equipment Trust Certificates Held in Treasury	4,050,000 00
Total, June 30, 1908	\$10,062,000 00

OPERATING REVENUES AND EXPENSES FOR THE YEAR ENDED JUNE

TABLE 7

		OPERATING REVENUES					
		COAL FREIGHT	MERCHANDISE FREIGHT	PASSENGER	MAIL AND EXPRESS	MISCELLANEOUS	TOTAL
July,	1907	\$1,370,929 99	\$1,335,112 96	\$463,653 92	\$47,570 90	\$51,774 50	\$3,269,042 27
August,	"	1,430,584 56	1,418,368 29	547,714 53	49,632 15	50,304 12	3,496,603 65
September,	"	1,312,977 34	1,381,769 99	445,434 17	52,068 10	53,056 18	3,245,305 78
October,	"	1,558,126 09	1,496,340 43	360,404 62	57,312 55	54,049 84	3,526,233 53
November,	"	1,435,230 93	1,301,434 22	345,459 28	55,922 73	64,741 81	3,202,788 97
December,	"	1,240,860 91	1,072,282 55	332,767 43	51,520 73	48,498 08	2,745,929 70
January,	1908	1,332,286 96	942,865 44	264,050 48	52,495 21	48,022 10	2,639,720 19
February,	"	949,242 32	870,269 53	217,933 16	41,869 76	37,016 24	2,116,331 01
March,	"	956,369 82	1,026,604 20	253,282 29	41,773 25	37,864 56	2,315,894 12
April,	"	1,568,602 87	989,022 71	263,887 27	44,874 02	37,132 00	2,903,518 87
May,	"	1,495,638 62	1,094,847 61	297,381 49	49,231 98	45,067 78	2,982,167 48
June,	"	1,524,429 53	1,082,383 85	367,921 83	48,359 56	43,523 88	3,066,618 65
Total, year ended June 30, 1908 .		\$16,175,279 94	\$14,011,301 78	\$4,159,890 47	\$592,630 94	\$571,051 09	\$35,510,154 22
Total, year ended June 30, 1907 .		15,270,213 84	14,864,262 21	4,326,118 87	591,745 99	469,105 81	35,521,446 72
Increase		\$905,066 10			\$884 95	\$101,945 28	
Decrease			\$852,960 43	\$166,228 40			\$11,292 50
Increase, per cent.		5.93			.15	21.73	
Decrease, "			5.74	3.84			.03

30, 1908, COMPARED WITH TOTALS FOR THE YEAR ENDED JUNE 30, 1907

MAINTENANCE OF WAY AND STRUCTURES	OPERATING EXPENSES				NET OPERATING REVENUE
	MAINTENANCE OF EQUIPMENT	TRAFFIC AND TRANSPORTATION EXPENSES	GENERAL EXPENSES	TOTAL	
\$347,921 21	\$524,909 74	\$981,583 72	\$46,906 37	\$1,901,321 04	\$1,367,721 23
365,928 56	583,893 44	1,021,782 03	51,183 09	2,022,787 12	1,473,816 53
346,170 49	566,485 70	1,052,083 46	45,755 60	2,010,495 25	1,234,810 53
369,660 56	637,081 31	1,109,106 28	50,346 16	2,166,194 31	1,360,039 22
345,290 34	584,597 21	1,116,638 36	42,266 99	2,088,792 90	1,113,996 07
265,982 66	564,946 34	1,119,143 36	58,029 78	2,008,102 14	737,827 56
261,148 89	547,506 21	1,047,358 16	48,496 95	1,904,510 21	735,209 98
283,915 26	484,318 99	970,085 59	47,830 24	1,786,150 08	330,180 93
222,411 17	369,884 13	937,028 99	49,817 28	1,579,141 57	736,752 55
283,014 18	371,919 97	921,968 66	42,100 38	1,619,003 19	1,284,515 68
267,183 69	360,029 14	954,381 42	41,916 33	1,623,510 58	1,358,656 90
137,511 81	391,838 46	914,988 92	49,357 20	1,493,696 39	1,572,922 26
\$3,496,138 82	\$5,987,410 64	\$12,146,148 95	\$574,006 37	\$22,203,704 78	\$13,306,449 44
3,344,181 89	6,186,873 82	11,920,347 57	515,927 35	21,967,330 63	13,554,116 09
\$151,956 93	.....	\$225,801 38	\$58,079 02	\$236,374 15	.....
.....	\$199,463 18	.....	.....	.....	\$247,666 65
4.54	.....	1.89	11.26	1.08	.....
.....	3.22	.....	.....	.....	1.83

TABLE 8

CLASSIFICATION OF OPERATING EXPENSES

ACCOUNT	1908	1907	INCREASE	DECREASE
MAINTENANCE OF WAY AND STRUCTURES:—				
Superintendence	\$152,545 95	\$154,337 34	. . . . .	\$1,791 39
Ballast	52,694 59	69,757 97	. . . . .	17,063 38
Ties	462,047 68	440,666 24	\$21,381 44	. . . . .
Rails	219,489 72	264,928 06	. . . . .	45,438 34
Other track material	230,455 37	229,926 76	528 61	. . . . .
Roadway and track	1,073,924 76	1,081,633 38	. . . . .	7,708 62
Removal of snow, sand and ice	65,806 30	64,754 03	1,052 27	. . . . .
Tunnels	4,715 85	4,886 92	. . . . .	171 07
Bridges, trestles and culverts	295,396 63	134,166 94	161,229 69	. . . . .
Over and under grade crossings	8,373 94	20,634 16	. . . . .	12,260 22
Grade crossings, fences, cattle guards and signs	39,985 38	52,681 52	. . . . .	12,696 14
Snow and sand fences and snow sheds	3,121 96	2,121 35	1,000 61	. . . . .
Signals and interlocking plants	146,176 30	122,206 05	23,970 25	. . . . .
Telegraph and telephone lines	37,609 37	38,971 85	. . . . .	1,362 48
Buildings, fixtures and grounds	388,665 82	434,048 66	. . . . .	45,382 84
Docks and wharves	124,097 17	82,827 71	41,269 46	. . . . .
Roadway tools and supplies	23,548 95	28,516 34	. . . . .	4,967 39
Work equipment—Repairs	58,409 09	16,117 62	42,291 47	. . . . .
Work equipment—Renewals	1,793 57	9,763 12	. . . . .	7,969 55
Work equipment—Depreciation	12,409 62	. . . . .	12,409 62	. . . . .
Injuries to persons	2,980 17	1,986 00	994 17	. . . . .
Stationery and printing	4,255 69	6,026 94	. . . . .	1,771 25
Insurance	24,884 47	27,584 07	. . . . .	2,699 60
Other expenses	4,542 22	1,098 99	3,443 23	. . . . .
Maintaining joint tracks, yards and other facilities—Dr.	94,554 31	85,352 26	9,202 05	. . . . .
Maintaining joint tracks, yards and other facilities—Cr.	*36,346 06	*30,812 39	. . . . .	5,533 67
Total maintenance of way and structures	\$3,496,138 82	\$3,344,181 89	\$151,956 93	. . . . .
MAINTENANCE OF EQUIPMENT:—				
Superintendence	\$115,134 93	\$111,200 57	\$3,934 36	. . . . .
Steam locomotives—Repairs	2,320,824 73	2,601,841 15	. . . . .	\$281,016 42
Steam locomotives—Renewals	23,436 59	252,876 95	. . . . .	229,440 36
Steam locomotives—Depreciation	232,381 40	. . . . .	232,381 40	. . . . .
Amounts carried forward	\$2,691,777 65	\$2,965,918 67	. . . . .	\$274,141 02

* Credit.

FOR THE YEARS ENDED JUNE 30, 1908 AND 1907

ACCOUNT	1908	1907	INCREASE	DECREASE
MAINTENANCE OF EQUIPMENT— <i>Continued</i> :—				
Amounts brought forward	\$2,691,777 65	\$2,965,918 67		\$274,141 02
Passenger train cars—Repairs.	302,868 21	375,621 21		72,753 00
Passenger train cars—Renewals.	2,330 89	8,416 15		6,085 26
Passenger train cars—Depreciation	36,467 84		\$36,467 84	
Freight train cars—Repairs.	2,041,138 17	2,030,597 87	10,540 30	
Freight train cars—Renewals.	147,896 83	571,572 21		423,675 38
Freight train cars—Depreciation	653,912 11		653,912 11	
Floating equipment—Repairs.	390 70	1,557 77		1,167 07
Floating equipment—Depreciation	213 72		213 72	
Shop machinery and tools	167,082 57	192,483 17		25,400 60
Power plant equipment	108 57	12 53	96 04	
Injuries to persons	11,375 35	1,951 05	9,424 30	
Stationery and printing	9,187 91	11,416 03		2,228 12
Insurance	14,480 33	13,899 25	581 08	
Other expenses	3,479 07	866 89	2,612 18	
Maintaining joint equipment at terminals—Dr.	13,032 43	12,561 02	471 41	
Equipment borrowed—Dr.	496,813 68		496,813 68	
Equipment loaned—Cr.	*605,145 39			605,145 39
Total maintenance of equipment	\$5,987,410 64	\$6,186,873 82		\$199,463 18
TRAFFIC EXPENSES:—				
Superintendence.	\$127,321 13	\$126,595 04	\$726 09	
Outside agencies.	292,257 20	276,211 99	16,045 21	
Advertising.	102,667 07	120,437 24		\$17,770 17
Traffic associations	14,873 39	14,238 00	635 39	
Fast freight lines	188,464 95	188,185 44	279 51	
Industrial and immigration bureaus	11,820 55	19,933 94		8,113 39
Stationery and printing	41,236 26	25,543 53	15,692 73	
Other expenses	12 40	1 00	11 40	
Total traffic expenses	\$778,652 95	\$771,146 18	\$7,506 77	
TRANSPORTATION EXPENSES:—				
Superintendence.	\$272,130 75	\$257,598 83	\$14,531 92	
Dispatching trains	94,561 35	81,965 88	12,595 47	
Station employees	1,309,724 13	1,327,035 64		\$17,311 51
Amounts carried forward	\$1,676,416 23	\$1,666,600 35	\$9,815 88	

* Credit.

CLASSIFICATION OF OPERATING EXPENSES

ACCOUNT	1908	1907	INCREASE	DECREASE
TRANSPORTATION EXPENSES—Continued:—				
Amounts brought forward	\$1,676,416 23	\$1,666,600 35	\$9,815 88	. . . . .
Weighing and car service associations	27,695 15	22,154 82	5,540 33	. . . . .
Stock yards and grain elevators	31,679 41	28,754 58	2,924 83	. . . . .
Coal and ore docks	208,906 93	289,177 74	. . . . .	\$80,270 81
Station supplies and expenses	302,820 33	312,422 33	. . . . .	9,602 00
Yard masters and their clerks	240,128 06	217,678 57	22,449 49	. . . . .
Yard conductors and brakemen	701,832 72	692,783 54	9,049 18	. . . . .
Yard switch and signal tenders	61,720 10	63,564 82	. . . . .	1,844 72
Yard supplies and expenses	16,819 94	10,249 27	6,570 67	. . . . .
Yard enginemen	382,741 54	400,070 18	. . . . .	17,328 64
Enginehouse expenses—Yard	87,527 87	79,937 78	7,590 09	. . . . .
Fuel for yard locomotives	367,812 15	354,946 97	12,865 18	. . . . .
Water for yard locomotives	22,260 91	21,913 67	347 24	. . . . .
Lubricants for yard locomotives	7,097 55	8,283 67	. . . . .	1,186 12
Other supplies for yard locomotives	7,804 08	7,286 49	517 59	. . . . .
Operating joint yards and terminals—Dr.	118,326 29	125,771 29	. . . . .	7,445 00
Operating joint yards and terminals—Cr.	*32,328 82	*32,391 58	62 76	. . . . .
Road enginemen	1,238,606 58	1,246,311 02	. . . . .	7,704 44
Enginehouse expenses—Road	368,677 10	337,764 85	30,912 25	. . . . .
Fuel for road locomotives	2,827,912 80	2,791,602 43	36,310 37	. . . . .
Water for road locomotives	92,566 87	93,747 33	. . . . .	1,180 46
Lubricants for road locomotives	46,871 79	50,386 42	. . . . .	3,514 63
Other supplies for road locomotives	41,127 53	44,039 64	. . . . .	2,912 11
Road trainmen	1,331,630 16	1,308,957 32	22,672 84	. . . . .
Train supplies and expenses	298,013 76	275,063 89	22,949 87	. . . . .
Interlockers, block and other signals—Operation	179,034 02	165,923 06	13,110 96	. . . . .
Crossing flagmen and gatemen	57,569 44	53,540 59	4,028 85	. . . . .
Draw bridge operation	4,921 80	4,654 47	267 33	. . . . .
Amounts carried forward	\$10,716,192 29	\$10,641,195 51	\$74,996 78	. . . . .

* Credit.

FOR THE YEARS ENDED JUNE 30, 1908 AND 1907—Continued

ACCOUNT	1908	1907	INCREASE	DECREASE
TRANSPORTATION EXPENSES—Continued:—				
Amounts brought forward . . .	\$10,716,192 29	\$10,641,195 51	\$74,996 78	. . . . .
Clearing wrecks	60,130 21	60,415 15	. . . . .	\$284 94
Telegraph and telephone—Operation	90,184 29	89,532 25	652 04	. . . . .
Operating floating equipment	3,116 20	2,705 27	410 93	. . . . .
Stationery and printing	71,500 21	69,575 43	1,924 78	. . . . .
Insurance	24,568 87	18,575 18	5,993 69	. . . . .
Other expenses	5,298 42	2,356 72	2,941 70	. . . . .
Loss and damage—Freight	223,254 08	171,856 84	51,397 24	. . . . .
Loss and damage—Baggage	518 81	783 92	. . . . .	265 11
Damage to property	13,641 24	10,121 51	3,519 73	. . . . .
Damage to stock on right of way	1,530 34	607 72	922 62	. . . . .
Injuries to persons	124,014 71	62,734 68	61,280 03	. . . . .
Operating joint tracks—Dr.	45,305 88	29,230 40	16,075 48	. . . . .
Operating joint tracks—Cr.	*11,759 55	*10,489 19	. . . . .	1,270 36
Total transportation expenses	\$11,367,496 00	\$11,149,201 39	\$218,294 61	. . . . .
GENERAL EXPENSES:—				
Salaries and expenses of general officers	\$75,605 93	\$71,081 51	\$4,524 42	. . . . .
Salaries and expenses of clerks and attendants	266,699 34	244,114 46	22,584 88	. . . . .
General office supplies and expenses	17,860 82	16,755 19	1,105 63	. . . . .
Law expenses	111,150 63	94,446 28	16,704 35	. . . . .
Relief department expenses	47,891 12	42,033 40	5,857 72	. . . . .
Pensions	7,610 43	4,607 13	3,003 30	. . . . .
Stationery and printing	28,412 17	23,332 20	5,079 97	. . . . .
Other expenses	18,775 93	19,557 18	. . . . .	\$781 25
Total general expenses	\$574,006 37	\$515,927 35	\$58,079 02	. . . . .
TOTAL OPERATING EXPENSES	\$22,203,704 78	\$21,967,330 63	\$236,374 15	. . . . .

* Credit.

Report of the Board of Directors

STATEMENT OF OPERATING REVENUES AND EXPENSES FOR TEN YEARS,
1899 TO 1908 INCLUSIVE

TABLE 9

OPERATING REVENUES

YEARS ENDED JUNE 30	COAL FREIGHT	MERCHANDISE FREIGHT	PASSENGER	MAIL AND EXPRESS	MISCELLANEOUS	TOTAL OPERATING REVENUES	NET OPERATING REVENUE
1899	\$9,051,739 56	\$7,622,155 52	\$2,660,492 79	\$397,928 48	\$1,188,529 57	\$20,920,845 92	\$5,314,320 24
1900	9,963,376 90	8,933,000 10	2,926,403 18	399,754 03	1,229,882 37	23,452,416 58	5,348,591 23
1901	9,636,802 48	9,272,317 07	2,989,004 24	424,083 35	1,160,359 50	23,482,566 64	4,814,542 36
1902	9,328,959 09	9,627,286 35	3,664,820 27	460,855 54	838,046 70	23,919,967 95	5,938,769 22
1903	10,104,764 40	11,609,706 36	3,191,638 63	483,059 54	1,265,334 33	26,654,503 26	7,674,323 60
1904	12,835,076 24	11,994,700 77	3,155,715 13	513,717 03	1,382,529 04	29,881,738 21	11,011,436 97
1905	13,530,337 42	12,432,582 74	3,509,825 33	544,768 49	1,258,328 74	31,275,842 72	12,346,141 39
1906	13,248,565 42	13,934,127 10	3,971,392 05	585,452 24	1,050,319 82	32,789,856 63	12,637,645 91
1907	15,270,213 84	14,864,262 21	4,326,118 87	591,745 99	469,105 81	35,521,446 72	13,554,116 09
1908	16,175,279 94	14,011,301 78	4,159,890 47	592,630 94	571,051 09	35,510,154 22	13,306,449 44

The ratio of each class of revenue to total operating revenues is as follows:—

	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Coal freight	43.27	42.49	41.04	39.00	37.91	42.95	43.26	40.40	42.99	45.55
Merchandise freight	36.43	38.09	39.49	40.25	43.56	40.14	39.75	42.50	41.84	39.46
Passenger	12.72	12.48	12.72	15.32	11.97	10.56	11.22	12.11	12.18	11.71
Mail and express	1.90	1.70	1.81	1.93	1.81	1.72	1.74	1.79	1.67	1.67
Miscellaneous	5.68	5.24	4.94	3.50	4.75	4.63	4.03	3.20	1.32	1.61

OPERATING EXPENSES

YEARS ENDED JUNE 30	MAINTENANCE OF WAY AND STRUCTURES	MAINTENANCE OF EQUIPMENT	TRAFFIC AND TRANSPORTATION EXPENSES	GENERAL EXPENSES	TOTAL OPERATING EXPENSES	RATIO OF TOTAL EX- PENSES TO REVENUES
1899	\$2,851,344 08	\$3,345,742 18	\$8,831,958 29	\$577,481 13	\$15,606,525 68	Per Cent. 74.60
1900	3,687,084 39	4,335,768 55	9,428,893 60	652,078 81	18,103,825 35	77.20
1901	4,241,717 04	4,316,861 72	9,374,299 48	735,146 04	18,668,024 28	79.50
1902	3,689,987 12	4,654,257 50	8,898,286 97	738,667 14	17,981,198 73	75.17
1903	4,099,168 88	4,694,395 07	9,567,083 09	619,532 62	18,980,179 66	71.21
1904	3,059,257 82	4,745,341 80	10,469,806 29	595,895 33	18,870,301 24	63.15
1905	3,269,382 74	4,894,269 44	10,179,037 79	587,011 36	18,929,701 33	60.52
1906	3,153,245 22	5,485,794 06	10,891,953 73	621,217 71	20,152,210 72	61.46
1907	3,344,181 89	6,186,873 82	11,920,347 57	515,927 35	21,967,330 63	61.84
1908	3,496,138 82	5,987,410 64	12,146,148 95	574,006 37	22,203,704 78	62.53

The ratio of each class of operating expenses to total operating revenues is as follows:—

	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Maintenance of way and structures.	13.63	15.72	18.07	15.42	15.38	10.24	10.45	9.62	9.41	9.85
Maintenance of equipment	15.99	18.49	18.38	19.46	17.61	15.88	15.65	16.73	17.42	16.86
Traffic and transportation expenses.	42.22	40.21	39.92	37.20	35.89	35.04	32.55	33.22	33.56	34.20
General expenses	2.76	2.78	3.13	3.09	2.33	1.99	1.87	1.89	1.45	1.62

ENGINE, TRAIN, AND CAR STATISTICS FOR THE YEARS ENDED
JUNE 30, 1908 AND 1907

TABLE 10

	1908	1907	PERCENTAGE OF INCREASE OR DECREASE
TRAIN AND ENGINE MILEAGE			
Miles run by passenger trains (including express)	4,326,911	4,419,615	Dec. 2.10
Miles run by freight trains	9,039,177	9,062,057	Dec. .25
Total revenue train miles	13,366,088	13,481,672	Dec. .86
Miles run by work trains	861,254	1,169,238	Dec. 26.34
Miles run by special trains	60,127	55,194	Inc. 8.94
Total train mileage	14,287,469	14,706,104	Dec. 2.85
Miles run by yard switching engines	5,466,206	5,958,334	Dec. 8.26
Miles run by engines in helping service	781,506	767,316	Inc. 1.85
Miles run by engines in light service	1,051,620	1,095,199	Dec. 3.98
Total engine mileage	21,586,801	22,526,953	Dec. 4.17
CAR STATISTICS			
Mileage of loaded freight cars	204,891,982	218,487,056	Dec. 6.22
Mileage of empty freight cars	99,281,343	89,998,484	Inc. 10.31
Mileage of caboose cars	8,803,095	8,992,566	Dec. 2.11
Total mileage of freight train cars	312,976,420	317,478,106	Dec. 1.42
Mileage of passenger cars, including Pullman cars	13,714,268	14,004,365	Dec. 2.07
Mileage of baggage, mail, express, and dining cars	9,505,293	9,751,651	Dec. 2.53
Total mileage of passenger train cars	23,219,561	23,756,016	Dec. 2.26
Mileage of work cars	961,148	1,986,729	Dec. 51.62
Mileage of special train cars	69,572	73,123	Dec. 4.86
Total mileage of non-revenue cars	1,030,720	2,059,852	Dec. 49.96
Total mileage of all cars	337,226,701	343,293,974	Dec. 1.77
Average number of loaded freight cars in train	22.66	24.11	Dec. 6.01
Average number of empty freight cars in train	11.96	10.92	Inc. 9.52
Average number of cars in each freight train	34.62	35.03	Dec. 1.17
*Percentage of loaded cars in each train	65.47	68.82	Dec. 4.87
Average miles run per freight car per day (including foreign)	21.70	23.31	Dec. 6.90
Average daily mileage of foreign freight cars on lines of Lehigh Valley System	34.36	30.75	Inc. 11.74
Average number of passenger cars in train	3.17	3.17	. . . . .
Average number of baggage, mail, express, and dining cars in train	2.20	2.21	Dec. .45
Average number of cars in each passenger train	5.37	5.38	Dec. .19
Average miles run per passenger car per day	98.88	108.09	Dec. 8.52

*Caboose included in empty mileage.

TABLE 11

STATISTICS OF OPERATING REVENUES AND EXPENSES

REVENUES, EXPENSES, AND NET REVENUE	1908	1907	INCREASE		DECREASE	
			Amount	Per cent.	Amount	Per cent.
Average miles of road operated	1,447.63	1,443.24	4.39	.30		
Total revenue train miles	13,366,088	13,481,672			115,584	.86
Freight and passenger revenue	\$34,346,472 19	\$34,460,594 92			\$114,122 73	.33
Freight and passenger revenue per mile of road	23,726 00	23,877 24			151 24	.63
Operating revenues, railroad	35,510,154 22	35,521,446 72			11,292 50	.03
Operating revenues per mile of road	24,529 86	24,612 29			82 43	.33
Operating revenues per train mile	2.657	2.635	\$.022	.83		
Operating expenses, railroad	22,203,704 78	21,967,330 63	236,374 15	1.08		
Operating expenses per mile of road	15,337 97	15,220 84	117 13	.77		
Operating expenses per revenue train mile .	1.661	1.629	.032	1.96		
Net operating revenue, railroad	13,306,449 44	13,554,116 09			247,666 65	1.83
Net operating revenue per mile of road . .	9,191 89	9,391 45			199 56	2.12
Net operating revenue per train mile . . . .	.996	1.006			.010	.99
PASSENGER						
Passenger revenue	\$4,159,890 47	\$4,326,118 87			\$166,228 40	3.84
Passenger train revenue	4,845,320 18	5,020,369 84			175,049 66	3.49
Number of passengers carried	4,926,204	5,181,533			255,329	4.93
Number of passengers carried one mile . . .	247,034,678	250,459,508			3,424,830	1.37
Average distance each passenger carried . .	50.15 miles	48.34 miles	1.81 miles	3.74		
Average number of passengers one mile per mile of road	170,648	173,540			2,892	1.67
Average revenue per passenger	84.44 cents	83.49 cents	.95 cent	1.14		
Average revenue per passenger per mile . .	1.684 cents	1.727 cents			.043 cent	2.49
Passenger train mileage	3,974,526	4,084,695			110,169	2.70
Passenger train mileage (including express) .	4,326,911	4,419,615			92,704	2.10
Passenger revenue per mile of road	\$2,873 59	\$2,997 50			\$123 91	4.13
Passenger revenue per train mile	104.66 cents	105.91 cents			1.25 cents	1.18
Passenger train revenue per mile of road . .	\$3,347 07	\$3,478 54			\$131 47	3.78
Passenger train revenue per train mile . . .	111.98 cents	113.59 cents			1.61 cents	1.42
Average number of passengers in each train .	62.15	61.32	.83	1.35		
Passenger car mileage	13,714,268	14,004,365			290,097	2.07
Baggage, mail, express, and dining car mileage	9,505,293	9,751,651			246,358	2.53
Total mileage of passenger train cars	23,219,561	23,756,016			536,455	2.26
Average number of passengers in each passenger car	18.01	17.88	.13	.73		

Lehigh Valley Railroad Company

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FOR THE YEARS ENDED JUNE 30, 1908 AND 1907

	1908	1907	INCREASE		DECREASE	
			Amount	Per cent.	Amount	Per cent.
PASSENGER—(Continued)						
Average number of passenger cars in train . .	3.17	3.17	. . . . .	. . . . .	. . . . .	. . . . .
Average number of baggage, mail, express, and dining cars in train	2.20	2.21	. . . . .	. . . . .	.01	.45
Average number of cars in each passenger train	5.37	5.38	. . . . .	. . . . .	.01	.19
FREIGHT						
Coal freight revenue	\$16,175,279 94	\$15,270,213 84	\$905,066 10	5.93	. . . . .	. . . . .
Merchandise freight revenue	14,011,301 78	14,864,262 21	. . . . .	. . . . .	\$852,960 43	5.74
Total freight revenue	\$30,186,581 72	\$30,134,476 05	\$52,105 67	.17	. . . . .	. . . . .
Number tons coal and coke carried	14,522,262	14,144,492	377,770	2.67	. . . . .	. . . . .
Number tons miscellaneous freight carried . .	11,957,899	13,232,864	. . . . .	. . . . .	1,274,965	9.63
Total number tons carried, all revenue freight .	26,480,161	27,377,356	. . . . .	. . . . .	897,195	3.28
Tons one mile, coal and coke	2,221,951,783	2,021,909,527	200,042,256	9.89	. . . . .	. . . . .
Tons one mile, merchandise freight	2,573,085,734	2,747,221,413	. . . . .	. . . . .	174,135,679	6.34
Tons one mile, all revenue freight	4,795,037,517	4,769,130,940	25,906,577	.54	. . . . .	. . . . .
Average distance carried, all revenue freight .	181.08 miles	174.20 miles	6.88 miles	3.95	. . . . .	. . . . .
Average number of tons carried one mile per mile of road	3,312,336	3,304,461	7,875	.24	. . . . .	. . . . .
Average revenue per ton, all revenue freight .	114.00 cents	110.07 cents	3.93 cents	3.57	. . . . .	. . . . .
Average revenue per ton per mile, all revenue freight . . . . .	.630 cent	.632 cent	. . . . .	. . . . .	.002 cent	.32
Freight train mileage	9,039,177	9,062,057	. . . . .	. . . . .	22,880	.25
Freight revenue per mile of road	\$20,852 42	\$20,879 74	. . . . .	. . . . .	\$27 32	.13
Freight revenue per train mile.	\$3.34	\$3.33	\$.01	.30	. . . . .	. . . . .
Average number of tons in each train	530.47	526.27	4.20	.80	. . . . .	. . . . .
Average number of tons in each loaded car . .	23.40	21.83	1.57	7.19	. . . . .	. . . . .
Percentage of loaded cars in each freight train .	65.47	68.82	. . . . .	. . . . .	3.35	4.87
ALL FREIGHT, INCLUDING COMPANY'S SUPPLIES						
Number of tons carried	29,117,253	29,859,219	. . . . .	. . . . .	741,966	2.48
Number of tons carried one mile	4,974,622,759	4,949,489,112	25,133,647	.51	. . . . .	. . . . .
Average distance carried	170.85 miles	165.76 miles	5.09 miles	3.07	. . . . .	. . . . .
Average number of tons in each train	550.34	546.18	4.16	.76	. . . . .	. . . . .
Average number of tons in each loaded car . .	24.28	22.65	1.63	7.20	. . . . .	. . . . .

PERFORMANCE OF LOCOMOTIVES (ENTIRE SYSTEM)

TABLE 12

	1908	1907	INCREASE	DECREASE
LOCOMOTIVE MILEAGE				
Passenger	3,974,526	4,084,695		110,169
Freight and coal	9,039,177	9,062,057		22,880
Express	352,385	334,920	17,465	
Special	60,127	55,194	4,933	
Helping, freight and coal	688,127	669,250	18,877	
Helping, passenger	93,379	98,066		4,687
Light	1,051,620	1,095,199		43,579
Switching	5,466,206	5,958,334		492,128
Total (excluding work)	20,725,547	21,357,715		632,168
Work	861,254	1,169,238		307,984
Total	21,586,801	22,526,953		940,152
Average passenger	47,534	50,662		3,128
Average freight and coal	32,719	33,769		1,050
Average switching and other	27,156	28,857		1,701
Average all services	32,957	34,340		1,383
Percentage of passenger helping	2.00	2.06		.06
Percentage of freight and coal helping	6.48	6.29	.19	
Greatest mileage made by an engine in passenger service	89,577	96,293		6,716
Greatest mileage made by an engine in freight service	45,641	49,815		4,174
CAR MILEAGE				
Passenger, express and special	23,289,133	23,829,139		540,006
Freight and coal, loaded	204,891,982	218,487,056		13,595,074
Freight and coal, empty	99,281,343	89,998,484	9,282,859	
Work, loaded and empty	961,148	1,986,729		1,025,581
Caboose	8,803,095	8,992,566		189,471
Total	337,226,701	343,293,974		6,067,273
Average cars per draft, passenger	5.4	5.4		
*Average cars per draft, freight (loaded basis)	28.6	29.6		1.0

* Two empty freight cars equaling one loaded; caboose mileage included in empty mileage.

FOR THE YEARS ENDED JUNE 30, 1908 AND 1907

	1908	1907	INCREASE	DECREASE
FUEL COAL USED PER MILE				
	POUNDS	POUNDS	POUNDS	POUNDS
Passenger locomotive	118.0	118.5	. . . . .	.5
Freight and coal locomotive	243.8	238.6	5.2	. . . . .
Switching and other locomotive	78.9	79.4	. . . . .	.5
All services	168.4	162.9	5.5	. . . . .
Passenger car	23.6	23.7	. . . . .	.1
Freight and coal car	9.9	9.5	.4	. . . . .
OIL AND WASTE				
	MILES	MILES	MILES	MILES
Lubricating oil, locomotive miles, per pint	25.54	26.28	. . . . .	.74
Cylinder oil, locomotive miles, per pint	65.48	66.80	. . . . .	1.32
Waste, locomotive miles, per pound	79.64	82.26	. . . . .	2.62
COST PER LOCOMOTIVE MILE				
	CENTS	CENTS	CENTS	CENTS
Fuel	15.42	14.73	.69	. . . . .
Oil and waste . . . . .	.26	.28	. . . . .	.02
Other supplies . . . . .	.24	.24	. . . . .	. . . . .
Water supply . . . . .	.55	.54	.01	. . . . .
Enginemen and firemen	7.82	7.70	.12	. . . . .
Enginehouse expenses	2.20	1.96	.24	. . . . .
Repairs (excluding renewals)	11.20	12.15	. . . . .	.95
Total	37.69	37.60	.09	. . . . .
Total, including renewals	37.80	38.78	. . . . .	.98
COST PER CAR MILE				
	CENTS	CENTS	CENTS	CENTS
Fuel	1.13	1.08	.05	. . . . .
Oil and waste . . . . .	.02	.02	. . . . .	. . . . .
Other supplies . . . . .	.02	.02	. . . . .	. . . . .
Water supply . . . . .	.04	.04	. . . . .	. . . . .
Enginemen and firemen . . . . .	.57	.56	.01	. . . . .
Enginehouse expenses . . . . .	.16	.14	.02	. . . . .
Repairs (excluding renewals) . . . . .	.82	.88	. . . . .	.06
Total	2.76	2.74	.02	. . . . .
Total, including renewals	2.77	2.84	. . . . .	.07

CLASSIFICATION OF TONNAGE FOR THE YEARS ENDED JUNE 30, 1908 AND 1907

TABLE 13

COMMODITY	1908	1907	INCREASE	DECREASE
PRODUCTS OF AGRICULTURE:—				
Grain	1,180,921	1,102,941	77,980	
Flour	583,806	572,711	11,095	
Other mill products	349,298	334,421	14,877	
Hay	266,388	259,514	6,874	
Tobacco (unmanufactured)	5,696	8,836		3,140
Cotton (unmanufactured)	23,991	35,109		11,118
Fruits and vegetables	196,072	247,161		51,089
Other agricultural products	94,161	77,515	16,646	
PRODUCTS OF ANIMALS:—				
Live stock	249,709	308,857		59,148
Dressed meats	223,624	231,061		7,437
Other packing house products	154,606	148,537	6,069	
Poultry, game and fish	19,321	14,334	4,987	
Wool	14,665	13,394	1,271	
Hides and leather	48,088	45,284	2,804	
Milk and cream	77,922	76,733	1,189	
Other products of animals	69,410	103,075		33,665
PRODUCTS OF MINES:—				
Ores	476,893	721,615		244,722
Stone, sand and other like articles	1,423,170	1,452,318		29,148
Anthracite coal (net tons)	12,551,587	11,855,607	695,980	
Bituminous coal and coke	1,970,675	2,288,885		318,210
PRODUCTS OF FOREST:—				
Lumber	587,702	655,690		67,988
Bark	23,701	20,700	3,001	
Other products of the forest	265,043	292,119		27,076
MANUFACTURES:—				
Petroleum and other oils	307,933	218,871	89,062	
Sugar and glucose	129,451	119,589	9,862	
Iron—pig and bloom	380,606	510,039		129,433
Iron and steel rails	161,881	164,929		3,048
Castings and machinery	244,298	330,985		86,687
Bar and sheet metal	97,079	187,978		90,899
Cement, brick and lime	1,762,361	2,160,094		397,733
Agricultural implements	20,711	30,134		9,423
Wagons, carriages, tools, etc.	19,413	20,116		703
Wines, liquors and beers	68,960	71,222		2,262
Household goods and furniture	21,082	26,403		5,321
Copper and lead—pig	233,940	270,407		36,467
Salt	169,678	98,084	71,594	
MISCELLANEOUS	2,006,319	2,302,088		295,769
Total revenue tonnage	26,480,161	27,377,356		897,195

INVENTORY OF EQUIPMENT, JUNE 30, 1908

TABLE 14

LOCOMOTIVES	885	ROAD SERVICE EQUIPMENT :—	
Tractive power (pounds)	23,888,036	Air-brake instruction	1
PASSENGER CAR EQUIPMENT :—		Box	6
Passenger	252	Business	3
Chair	3	Derrick	34
Library Buffet	3	Locomotive cranes	3
Dining	9	Flat	88
Café	3	Gondola	76
Business	3	Gravel dump	374
Combination	65	Hoister	1
Baggage and mail	28	Hospital	1
Express	72	Pile driver	3
Fruit	11	Pole	10
Postal	3	Scale test	2
Milk	85	Snow flangers	20
Total	537	Snow plows	10
		Steam shovels	6
		Supply	19
		Tool	47
FREIGHT CAR EQUIPMENT :—		Tunnel	6
Box	20,347	Workmen's	173
Stock	92	Total	883
Refrigerator	187		
Produce	953	* FLOATING EQUIPMENT :—	
Furniture	1	Lake steamers	6
Automobile	25	Tugs	20
Bark	2	Steam lighters	6
Flat	244	Barges	191
Gondola	2,872	Car floats	25
Set of gun and armor trucks	1	Cattle floats	4
Coal	17,681	Hoisting boats	1
Cabooses	396	Work boats	3
Total	42,801	Wrecking boats	1
Tons capacity	1,504,640	Total	257

* Does not include Morris Canal equipment.

TABLE 15

STATEMENT OF MILEAGE OF TRACK OPERATED

OWNED BY LEHIGH VALLEY RAILROAD OR CONTROLLED BY OWNERSHIP OF ENTIRE CAPITAL STOCK	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
LEHIGH VALLEY RAILROAD OF NEW JERSEY:						
Main Line—Jersey City, N. J., to Phillipsburg, N. J.	75.07	75.07	25.15	3.75	111.62	290.66
Branches	47.27	18.64			135.54	201.45
LEHIGH VALLEY RAILROAD:						
Main Line—Phillipsburg, N. J., to Wilkes-Barre, Pa.	99.23	88.12	32.98	18.39	155.89	394.61
Branches	28.21	.02			18.83	47.06
Easton and Northern Branch—Easton, Pa., to Belfast, Pa., and Bushkill Station to Thirteenth Street Junction	12.78				4.24	17.02
Mahanoy and Hazleton Division:						
Main Line and Branches	136.37	68.14			113.89	318.40
Minor Branches to Breakers, &c.	70.01	1.02			36.13	107.16
Mountain Cut-Off—Gracedale, Pa., to Avoca, Pa.	18.61	18.10			4.85	41.56
Bowman's Creek Branch—Port Bowkley, Pa., to Bernice, Pa., and Branches	50.29				9.28	59.57
Pennsylvania and New York Railroad:						
Main Line—Wilkes-Barre, Pa., to Pennsyl- vania State Line	96.59	96.59	1.73	1.73	158.55	355.19
Branches	43.02	1.57			38.30	82.89
Montrose Railroad—Tunkhannock, Pa., to Mont- rose, Pa.	27.36				3.22	30.58
LEHIGH VALLEY RAIL WAY:						
Main Line—Pennsylvania State Line to Buffalo, N. Y.	175.16	175.16			174.54	524.86
Waverly Branch—Pennsylvania State Line to Waverly, N. Y. . . . .	.41				1.42	1.83
Ithaca Branch—Van Etten Junction, N. Y., to Geneva Junction, N. Y.	59.49	1.02			18.06	78.57
Auburn and Ithaca Branch—Ithaca, N. Y., to Auburn, N. Y.	42.46				10.15	52.61
Cayuga Branch—Cayuga Junction, N. Y., to Cayuga, N. Y.	3.92				1.14	5.06
Rochester Branch—Rochester, N. Y., to Hem- lock Lake, N. Y.	29.07				11.03	40.10
Niagara Falls Branch—Depew Junction, N. Y., to Tonawanda Junction, N. Y.	10.56	10.39			1.95	22.90
Naples Branch—Geneva, N. Y., to Naples, N. Y.	29.42				4.11	33.53
Seneca Falls Branch—Geneva Junction, N. Y., to Seneca Falls, N. Y.	8.20				2.37	10.57
Elmira and Cortland Branch—Elmira, N. Y., to Camden, N. Y.	139.14				33.87	173.01
Lehigh and Lake Erie Branch—Tift Farm, Buffalo, N. Y., to Harlem Avenue Junction, N. Y.	10.93	10.93			16.33	38.19
Total	1,213.57	564.77	59.86	23.87	1,065.31	2,927.38

STATEMENT OF MILEAGE OF TRACK OPERATED—*Continued*

CONTROLLED BY OWNERSHIP OF MAJORITY OF CAPITAL STOCK	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Schuylkill and Lehigh Valley Railroad—Lizard Creek Junction, Pa., to Blackwood, Pa.	41.84	. . . . .	. . . . .	. . . . .	7.78	49.62
Lehigh and New York Railroad—Pennsylvania State Line to North Fair Haven, N. Y.	115.37	. . . . .	. . . . .	. . . . .	33.20	148.57
Total	157.21	. . . . .	. . . . .	. . . . .	40.98	198.19
CONTROLLED BY LEASES	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
State Line and Sullivan Railroad—Monroeton, Pa., to Bernice, Pa.	24.06	. . . . .	. . . . .	. . . . .	4.02	28.08
Hayt's Corners, Ovid and Willard Railroad—Hayt's Corners, N. Y., to Willard, N. Y.	3.82	. . . . .	. . . . .	. . . . .	.30	4.12
Total	27.88	. . . . .	. . . . .	. . . . .	4.32	32.20
TRackage RIGHTS	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Pennsylvania Railroad—West Newark Junction, N. J., to Jersey City, N. J.	9.40	9.40	. . . . .	. . . . .	. . . . .	18.80
Pennsylvania Railroad—Schuylkill Haven Junction, Pa., to Pottsville, Pa.	4.20	. . . . .	. . . . .	. . . . .	. . . . .	4.20
Pennsylvania Railroad—New Boston Junction, Pa., to Pottsville, Pa.	10.90	. . . . .	. . . . .	. . . . .	. . . . .	10.90
Peoples Railway—Minersville, Pa., to Pottsville, Pa. .	3.47	. . . . .	. . . . .	. . . . .	. . . . .	3.47
Susquehanna and New York Railroad—Barclay Junc- tion, Pa., to Monroeton, Pa.	4.00	. . . . .	. . . . .	. . . . .	. . . . .	4.00
New York Central and Hudson River Railroad—Tona- wanda Junction, N. Y., to Suspension Bridge, N. Y.	14.96	14.29	. . . . .	. . . . .	. . . . .	29.25
New York, Ontario and Western Railroad—Sylvan Junction, N. Y. . . . .	.10	. . . . .	. . . . .	. . . . .	. . . . .	.10
Total	47.03	23.69	. . . . .	. . . . .	. . . . .	70.72

STATEMENT OF MILEAGE OF TRACK OPERATED—Continued

RECAPITULATION	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Owued or controlled by ownership of entire stock	1,213.57	564.77	59.86	23.87	1,065.31	2,927.38
Controlled by ownership of majority of stock	157.21	. . . . .	. . . . .	. . . . .	40.98	198.19
Controlled by leases	27.88	. . . . .	. . . . .	. . . . .	4.32	32.20
Trackage rights	47.03	23.69	. . . . .	. . . . .	. . . . .	70.72
Total	1,445.69	588.46	59.86	23.87	1,110.61	3,228.49
MILEAGE BY STATES	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Pennsylvania	670.94	273.56	34.71	20.12	554.98	1,554.31
New York	643.01	211.79	. . . . .	. . . . .	310.50	1,165.30
New Jersey	131.74	103.11	25.15	3.75	245.13	508.88
Total	1,445.69	588.46	59.86	23.87	1,110.61	3,228.49

THE LEHIGH VALLEY COAL COMPANY

The net earnings of The Lehigh Valley Coal Company for the fiscal year ended June 30, 1908, were \$388,606.11, an increase of \$277,355.66 over the previous year. The funded debt and the yearly interest charges thereon are shown in the following statement:

DESCRIPTION	PRINCIPAL	DATE OF MATURITY	ACCRUED INTEREST		
			RATE	WHEN DUE	AMOUNT
The Lehigh Valley Coal Co.:—					
First Mortgage Bonds, issue of 1892	\$10,114,000	Jan. 1, 1933	5% gold	Jan. and July	\$505,700
First Mortgage Bonds, issue of 1892	1,400,000	Jan. 1, 1933	4% gold	"	56,000
Snow Shoe Mortgage. . . .	356,500	Jan. 1, 1910	5%	"	17,825
Delano Land Company:—					
First Mortgage Bonds . . .	1,082,000	Jan. 1, 1932	5% gold	"	54,100
Wyoming Valley Coal Co.:—					
First Mortgage Bonds . . .	56,000	May 1, 1912	5%	May and Nov.	2,800
Consolidated Mortgage Bonds	200,000	July 1, 1917	6%	Jan. and July	12,000
Total, June 30, 1908. . .	\$13,208,500	. . . . .	. . . . .	. . . . .	\$648,425

The total production of anthracite coal from the lands owned and controlled by The Lehigh Valley Coal Company and other companies in which it and the Lehigh Valley Railroad Company are interested through ownership of stock, was 9,263,899.02 gross tons for the fiscal year ended June 30, 1908, as compared with 8,867,254.18 tons for the previous twelve months, an increase of 396,644.04 tons, or 4.47 per cent.

The Lehigh Valley Coal Company and affiliated companies mined and purchased during the year 85.69 per cent. of the anthracite coal transported by the Lehigh Valley Railroad Company.

The operations of the Snow Shoe property produced 276,153.07 gross tons of bituminous coal, an increase of 88,763.04 tons as compared with the preceding year.

The policy of extensive underground development of the coal lands for the purpose of not only maintaining the present tonnage but materially increasing the same, together with the improvement of breakers, haulage and pumping plants and the coal mining machinery generally, was continued throughout the year. In addition, much has been accomplished in the matter of concentrating the various plants so as to produce the lowest possible cost of operation.

A new breaker is being constructed at Spring Mountain for the purpose of opening up additional territory in the Jeanesville coal lands and will be placed in service during the next fiscal year, the expenditures to date being \$167,111. When completed, it is proposed to concentrate at that colliery the preparation of coal now handled at Spring Brook and Oneida, the breakers at these two points having reached a condition that will soon prevent further economical operation. Heidelberg No. 1 Breaker was enlarged and is now handling, in addition to its usual tonnage, the coal mined at Heidelberg No. 2 Breaker, the latter being unfit for further service. Hazleton No. 1 Breaker was rebuilt and enlarged during the year at an expense of \$90,188 and on a basis that will permit of preparing an increased tonnage at a reduced cost. An underground electric haulage system was installed at Westmoreland Colliery in order to handle the increased output at that point. A new washery was erected at Prospekt Colliery and another is now being built at Beaver Meadow.

The improvements already made, together with those now in progress, tend not only to offset the increased expense of mining incident to the greater depth of the workings and the longer underground haul, but also result in a greater percentage of prepared sizes of coal, the same having increased 9.38 per cent. in the last five years.

The new steel and concrete coal storage building and dock with necessary machinery for handling anthracite coal at Milwaukee, and a similar plant at South Chicago, replacing on a much larger scale one at that location destroyed by fire, as referred to in the last annual report, were completed in the early part of the year. The total cost of these plants, which have an aggregate capacity of 195,000 tons, was \$795,976, of which \$462,751 was charged to Capital Account and the balance to Improvements and Reserve Funds.

The coal storage and shipping dock at West Superior was enlarged by the addition of an egg coal storage and handling plant. New coal trestles and pockets were built at Geneva and at Water Street, Syracuse.

The total additions and betterments made to the property during the year amounted to \$755,129.40.

All of the capital stock of the Wyoming Valley Coal Company was acquired from the Lehigh Valley Railroad Company in the month of February, the latter receiving in payment therefor treasury stock of The Lehigh Valley Coal Company to the par value of \$350,000. The property of the company thus acquired consists of about 1400 acres of valuable coal lands held in fee or by perpetual lease. To effect the greatest economies in administration, the operations and accounts of that company, including the bonded indebtedness and net earnings from the date acquired, were merged with those of The Lehigh Valley Coal Company. This purchase further reduced the advances for coal mining rights and is the principal reason for the decrease in that account of \$507,639.80, as compared with the previous year.

The financial condition of the Company is indicated by the Profit and Loss Account and Condensed General Balance Sheet published herewith (Tables Nos. 16 and 17).

The sinking funds of the several mortgages have been fully maintained.

Respectfully submitted,

E. B. THOMAS,

President.

THE LEHIGH VALLEY COAL COMPANY

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1908

TABLE 16

	DR.	CR.
Balance surplus, July 1, 1907		\$1,787,864 32
Royalty settlements	\$91,015 48	
Miscellaneous adjustments	108,609 42	
Net income for year ended June 30, 1908		388,606 11
Balance surplus, June 30, 1908	1,976,845 53	
	\$2,176,470 43	\$2,176,470 43
Balance carried forward, July 1, 1908		\$1,976,845 53

THE LEHIGH VALLEY

TABLE 17

Dr.

CONDENSED GENERAL

ASSETS		
PROPERTY AND PLANT		\$18,624,445 34
SECURITIES OWNED		100,000 00
ADVANCES FOR COAL MINING RIGHTS		4,900,902 22
CURRENT ASSETS :—		
Cash on deposit and in hands of Treasurer	\$375,858 51	
Cash in transit	79,973 22	
Stock of coal on hand	4,340,623 50	
Materials and supplies	333,513 55	
Bills receivable	221,942 72	
Due by individuals and companies	3,928,707 56	
		9,280,619 06
DEFERRED AND SUSPENDED ASSETS :—		
Premiums on unexpired insurance and other deferred assets		60,456 41
TRUSTEES OF SINKING FUNDS :—		
Cash and bonds in the hands of Trustees		1,655,632 73
TOTAL ASSETS		\$34,622,055 76

COAL COMPANY

BALANCE SHEET, JUNE 30, 1908

Cr.

LIABILITIES

CAPITAL STOCK		\$1,965,000 00
FUNDED DEBT		13,208,500 00
CERTIFICATES OF INDEBTEDNESS		10,537,000 00
CURRENT LIABILITIES :—		
Audited vouchers	\$3,657,683 72	
Wages due and unpaid	488,330 51	
Due to individuals and companies	90,009 65	
Royalties on coal mined and due lessors	73,485 96	
Bond interest due and payable	4,850 00	
Taxes due and payable	7,371 92	
		4,321,731 76
DEFERRED AND SUSPENDED LIABILITIES :—		
Royalties received from lessees, not accrued	\$170,966 69	
Interest on funded debt, accrued	323,279 18	
Taxes accrued	78,620 09	
Deferred real estate payments	56,000 00	
Miscellaneous	106,978 07	
		735,844 03
RESERVE ACCOUNTS :—		
Sinking funds and other reserves		1,877,134 44
PROFIT AND LOSS		1,976,845 53
TOTAL LIABILITIES		\$34,622,055 76

